

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3498-01  
Bill No.: HB 1472  
Subject: Roads and Highways; Highway Department  
Type: Original  
Date: February 4, 2002

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
ROAD FUND	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

---

## **FISCAL ANALYSIS**

### ASSUMPTION

Officials with the **Department of Natural Resources (DNR)** assume the proposal would have no fiscal impact on their agency. However, DNR notes they administer the Biodiesel Fuel Revolving Fund (BFRF). If BFRF funds are available (from the sale of EPAct credits, appropriations from the General Assembly, or "any other moneys obtained or accepted by the department for deposit in the fund") they must be used to pay for the incremental cost of biodiesel in state vehicles. At this time, there are no monies in the fund.

Officials with the **Department of Transportation (MoDOT)** assume the proposal requires programs within MoDOT to phase in the use of biodiesel fuel for fleet vehicles and equipment that use diesel fuel.

MoDOT officials note the Clean Air Act and EPACT recognizes B20 as an alternative fuel, but does not recognize B2 (2 percent biodiesel) as alternative fuel. MoDOT is currently using B20 in St. Louis and giving consideration to using it in Kansas City, which are its two largest metro areas. Officials assert that using B20 in MoDOT's two large metro districts would provide more demand than using B2 in all of their fleet. Therefore, pursuing the use of B20 would be more feasible than considering a B2 across the state.

MoDOT plans to continue using B20 in St. Louis in about 10 percent of their heavy duty fleet. Using B20 in 10 to 20 percent of their fleet negates the need for requiring B2 in 50 to 75 percent of the fleet. Currently, the SAM II system is set up to track B20. There will be some staff time necessary to change the system to track B2, however MoDOT will absorb these costs.

This proposal would have a significant impact on MoDOT, however the amount is unknown.

The **Office of the Secretary of the State (SOS)** assumes that the proposal calls for the Department of Transportation to have 50 percent of their vehicles running on biodiesel by 2004, and 75 percent by 2005. The bill authorizes the department to promulgate rules to administer these changes, so rules may be published in the Code of State Regulations and the Missouri Register. These rules may require approximately 4 pages in the Code of State Regulations. For any given rule, roughly one and a half as many pages (6) are published in the Missouri Register as in the Code because cost statements, fiscal notes, and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. Therefore, the printing costs for the Missouri Register are \$138 (\$23 x 6). The printing costs for the Code are \$108 (\$27 x 4). The total printing costs are \$246 (\$138 + \$108). These costs are estimated.

**Oversight** assumes the **SOS** could absorb the costs of printing and distributing regulations

ASSUMPTION (continued)

related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>ROAD FUND</b>			
<u>Costs – MoDOT</u>			
Fuel Conversion	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO ROAD FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business vendors do not have the necessary infrastructure to provide B2 statewide. To provide B2, vendors would have to set up a B100 tank, which has to be heated and/or stored inside to prevent gelling. Their investment would be approximately \$25,000 for each tank and pumps. If a vendor installed an underground tank, the cost would be approximately \$100,000 for a 15,000 gallon tank. (Source: Jefferson City Oil Company)

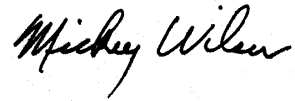
DESCRIPTION

This proposal requires the Missouri Department of Transportation, on or before July 1, 2004, to develop and implement a program requiring the use of alternative fuels with a 2% biodiesel blend in its diesel-fueled vehicle fleet and heavy equipment. The goal of this program will be to have at least 50% implementation by July 1, 2004, and 75% by July 1, 2005.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation  
Office of Secretary of the State  
Department of Natural Resources

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director  
February 4, 2002